
D.C. Education Adequacy Study: Report to Stakeholders

Findings and Preliminary
Recommendations

October 7, 2013

Overview of Presentation

1. Review study purpose, methodology and stakeholder engagement
2. Share study findings
3. Review recommendations
4. Respond to stakeholder questions and solicit feedback
5. Describe next steps to complete the study

D.C. Education Adequacy Study Team

The Finance Project

A specialized non-profit research, consulting and technical assistance and training firm. TFP helps leaders make smart investment decisions and develop sound financing strategies.

Augenblick, Palaich and Associates

An organization working on school finance issues across the nation that has implemented adequacy studies in more than 20 states.

Study Overview

Purpose of Study

- Estimate the resources needed for *all* DC students to meet current academic performance standards, including the Common Core State Standards
- Identify needed changes in the structure and policies governing education funding to ensure equity between DCPS and the public charter sectors
- Ensure transparency about what costs are included in the UPSFF, as well as local funding to DCPS and public charter schools that flows outside the UPSFF

Background

- Uniform Per Student Funding Formula (UPSFF) established in 1998
- Beginning in 2001, city leaders adopted a “market basket” approach to justify UPSFF allocations
 - Does not take academic standards into account
- Uniformity requirement applies only to local funding, not federal or private education funding
- Uniformity requirement applies only to operating budgets, not capital budgets and investments

Study Methodology

Defining Adequacy

The resources needed for schools to provide inputs and achieve desired student outcomes, given specified performance objectives.

- Inputs
 - Instructional, student support, administration, and other educational resources
 - Additional system-level requirements (e.g., related to data systems, strategic planning and coordination)
- Outcomes
 - Student achievement outcomes (e.g., level of proficiency, completion of academic programs)

See handout 5 for educational standards summary.

Blended Methodology

- “Professional Judgment” (PJ) approach that brought together local professional educators to specify resource needs for an average school or system in D.C., using the “Evidence-Base” (EB) approach as a starting point
- “Successful Schools” (SS) approach that examined spending by relatively high-performing DCPS and public charter schools, or schools that have shown clear growth, that was used as a point of comparison against PJ approach
- Supplemented with information from focus groups, individual interviews, and agency spending plan, budget and actual cost data
- Input and review by advisory group (national and local experts)

Building Base and Weights Process

- The PJ relied on D.C. educators and administrators to identify the resources needed for general education students at varying grade levels and with identified learning needs to meet academic standards
 - Panels included school level, identified needs, systems level, facilities, alternative/adult, and additional special education panels
 - PJ panels focused mainly on identifying resources not specific costs or dollar amount
- The SS examined actual spending of the identified schools and focused only on the base cost of serving students. The SS was used to compare to the final PJ panel results.

Building Base and Weights Process, cont'd

- Based on resources specified, the study team determined total costs and developed initial base and weights.
- Before determining the recommended amount for the UPSFF, the study team looked at all available funding.

See handout 6 for adjustments made based on available funding.

Analysis

Specified Resources to Build Base and Weights

1. School-level instructional, student support, administrative, and other educational resources
 - “School Resources” from PJ panels
2. Centralized data systems, strategic planning, and coordination used to manage and administer instructional programs and student support services
 - “System Resources” from PJ panels, spending plan, and budgeted data
3. Facilities maintenance and operations (M&O)
 - Part of system resources but analyzed separately using budgeted and actual data

School Characteristics to Create School-Level Resource Specifications

School Level	Range	Large	Small
Elementary	150 – 700	420	210
Middle	250 – 1175	600	300
High School	100 – 1700	1,000	400
Alternative			500
Adult			300

Student profile of DCPS and public charter schools from OSSE's FY13 LEA and School-Level Enrollment Audit Reports :

- At-risk for academic failure, 70% Eligible for Free and Reduce Meals (FARM)
- 17% Special education, levels 1-4
- 9% English language learners

Class Size and Teacher/Aide Ratio Specifications

Grade Level	Specified Ratio	Class Size
Pre-K 3	7.5:1	15
Pre-K 4	7.5:1	15
Kindergarten – Grade 3	15:1	15
Grades 4-5	25:1	25
Grades 6-8	25:1	25
Grades 9-12	25:1	25
Alternative	15:1	15
Adult	15:1	15

From Professional Judgment Panel deliberations

School-Level Specifications by PJ Panels

- Personnel resources specifications
 - Instructional staff (e.g., teachers, librarians, tech specialists, substitutes)
 - Student support staff (e.g., counselors, nurses, psychologists, social worker, family liaison, related service providers)
 - Administrative staff (e.g., principal, dean, special ed coordinator)
- Non-personnel resources (e.g., professional development, supplies, student activities)
- Technology hardware (e.g., computers, servers, classroom computers, computer labs)
- Recommended before- or after-school and summer school programs for at risk and ELL

System-Level Specifications by PJ Panels

Resources identified by PJ panel members to support schools

- Executive personnel oversight
 - Chancellor/executive director, CFO/COO, business manager, strategy oversight
- Accounting and human resources
- Assessment and data accountability
- Security
- Food service
- Legal
- IT

M&O Costs Collected

- Challenges
 - Public charters M&O costs are undercounted due to lack of uniform reporting protocols and costs included in many lease agreements (e.g., custodial costs)
 - DCPS M&O costs are high per student because it includes unutilized and underutilized space, school of right, and costs that DCPS is paying for community use
- Even with data challenges, it is clear that there are substantial differences in M&O costs by sector on a per student basis

M&O Costs Collected, cont'd

- Attempted to collect all custodial, utilities, and maintenance costs for schools
 - Included all M&O costs for DCPS, including those provided by Department of General Services (currently outside the formula)
- Facility maintenance and operations costs include:
 - Utilities: water, gas, electricity
 - Custodial (DCPS), specialized cleaning (DGS), trash removal (DGS)
 - Scheduled and preventative maintenance (DGS)
 - Corrective maintenance and repairs (DGS)
 - Grounds and landscaping (DGS)
 - Field personnel costs (DGS)

See handout 12 for the average weighted costs for M&O.

Major Sector Differences Affecting Costs

1. Labor costs
 - DCPS labor costs higher than PCS due to collective bargaining, teacher tenure, and policy choices regarding compensation
 - Study team used DCPS labor costs
2. System-level costs (excluding M&O)
 - System differences due to efficiencies of scale or lack thereof
 - Estimated DCPS system costs (excluding M&O) are slightly lower than public charter system costs
 - Study team used DCPS system costs
3. M&O costs (on a per student basis)
 - DCPS under-utilized space, system of right obligations, and community use

Recommendations

Study Recommendations

1. Propose new base and weights for UPSFF, including M&O;
2. Maintain current capital facility allowance for public charter schools pending further analysis;
3. Ensure local funding flows through the UPSFF with specific and limited exceptions;
4. Create greater transparency and accountability in education budgeting, resource allocation, and reporting; and
5. Update the UPSFF regularly.

1: Proposed Instructional and M&O UPSFF

Well-resourced base for pre-K3 through 12th grade, including:

- Small class sizes for PS through grade 3 (15:1)
- High level of student support services (280:1 in ES; 140:1 in HS)
- Full time substitutes in elementary and middle school
- Block scheduling for middle and high school
- Adequate executive oversight and data management
- Embedded professional development and instructional coaching
- Office support including office managers, business managers, registrars
- Adequate technology (low student to computer ratios in elementary and middle; 1:1 in HS)
- Student activities and athletics

1: Proposed Instructional and M&O UPSFF, cont'd

Well-resourced base for alternative education students and for adult students

- Small class sizes for both alternative and adult (15:1)
- Strong pupil support services at a 30:1 ratio to help students navigate completion of the program and transition to the work force.
- Adequate technology

See handout 13 for proposed UPSFF base and weights

1: Proposed Instructional and M&O UPSFF, cont'd

Identified learning needs – additional supports and programming above what is provided for in base:

- At-risk: additional teachers and lower class sizes, additional pupil support positions (roughly 100:1), interventionists (100:1), district level services
- ELL: teachers (15:1 for Level 1 and 2, 22:1 for Level 3); pupil support positions (100:1), bilingual aides (50:1), bilingual service provider/ELL coordinator, and district level services
- Before and after school for at-risk students and ELL students
- Summer school for at-risk, ELL (50% of at-risk students and all L1 and L2 ELL students)
- Summer bridge programs for all entering 9th grade

1: Proposed Instructional and M&O UPSFF, cont'd

Identified learning needs – additional supports and programming above what is provided for in base:

- Special education
 - Special Education teachers (ranging from 22:1 to 8:1 by Level),
 - Instructional aides for higher need levels,
 - Additional pupil support (psychologist and social worker) and therapist support (speech, OT, PT)
 - School-level Special Education coordinators
 - District-level services
 - ESY for Special Education students

1: Proposed Instructional and M&O UPSFF, cont'd

Study team developed methodology that meets M&O costs, permits adequate space based on DCPS design guidelines, and incentivizes efficiencies

- Methods considered but not used
 - Cost per square foot only
 - Does not incentivize efficient use of space, penalizes schools that are crammed in too small spaces, requires multiple decisions on how to count square feet fairly and consistently across LEAs
 - Reported actual costs from year before
 - Disincentive to contain costs in either the short- or long-term, administrative challenge to collect and report
 - “System of right” weight
 - Runs counter to the requirement to fund sectors on an equal basis

1: Proposed Instructional and M&O UPSFF, cont'd

- Recommended UPSFF continues to include M&O costs but separates the portion into a transparent per student payment.
- Uniform per student basis for calculating space costs for DCPS and PCS, accounting for recommended SF/student
- 1st year payments based on DCPS actual and budgeted costs. Future payments based on both DCPS and public charter costs.

School Level	Total M&O Per Square Feet Cost Per Student
Elementary School	\$1,071
Middle School	\$1,209
High School	\$1,342
Alternative School	\$1,209
Adult Learning Center	\$1,209

1: Proposed Instructional and M&O UPSFF, cont'd

- Un-quantified costs not accounted for through UPSFF:
 - DCPS as a school system of right must maintain certain number of buildings in neighborhoods across city
 - DCPS buildings are community assets: pools, fields, athletic spaces, performance and meeting spaces are used by the community
 - Childcare centers and health centers locate within DCPS facilities, with their M&O costs being attributed to DCPS

1: Proposed Instructional and M&O UPSFF, cont'd

- City should pay some ongoing costs due to:
 - DCPS's obligation to maintain a portfolio of schools that supports a school system of right
 - Extensive community access to facilities
- DCPS should work with DME and DGS to aggressively identify opportunities for co-location of city services, CBOs, and charter schools to reduce unutilized space
- Proposed M&O payment will not meet DCPS M&O costs
 - Initial estimate of as much as \$43.3M in additional M&O required to maintain DCPS facilities

2. Maintain current capital facility allowance for public charter schools pending further analysis

- Study team examined data on capital investments for DCPS and PCS
- Significant data limitations that hamper comparisons
- Need for PCS to adopt a uniform approach to reporting information on capital expenditures
- Until then study panel recommends maintaining the current \$3,000 capital funding allowance for PCS

3. Ensuring local funding flows through the UPSFF with specific and limited exceptions

- In order to equalize funding, the goal was to include as much funding through the formula as possible
- Certain funds will remain outside:
 - School safety resources based on safety needs (SROs and crossing guards).
 - Capital funding
- The study team recommends moving the remainder of funds currently outside the formula into the formula

See handout 14 for local funds proposed to flow through the UPSFF.

4. Creating Greater Transparency and Accountability in Education Budgeting, Resource Allocation, and Reporting

- PCSB should require all public charter schools to adopt a standardized chart of accounts for recording and reporting expenditures, including M&O and capital costs
- The District should create or adopt an on-line public education funding reporting system that provides annual education budget information

5. Updating the UPSFF Regularly

- OSSE should reconvene the technical work group (TWG)
- Undertake a rigorous assessment of the adequacy of education funding through the UPSFF every 5 years
- In the interim years, update UPSFF instructional operating allocation based on indexed COLA and the facilities M&O allocation based on actual DCPS and charter school costs

Fiscal Impact

Fiscal Impact: FY14

Using FY14 as the comparison year, the proposed formula results in the following:

- Total increase in UPSFF funding of \$206.9M
 - \$121.2M for DCPS
 - \$85.7M for PCS
- Net increase of \$135.7M when factoring in \$71.2M of local funding available outside the UPSFF
 - \$56.5M for DCPS
 - \$79.2M for PCS
- Additional M&O costs for DCPS buildings of up to \$43M

See handouts 15 and 16 for sector costs and fiscal impact.

Next Steps

- Feedback, revision
- Finalizing and publicly releasing the report
- Policy decisions
- Fiscal analysis
- Feed conclusions into FY15 budgeting process, for year 1 implementation